

Exhibit 5-1

From: [REDACTED]

Sent: Wednesday, March 25, 1998 2:55 PM

To: [REDACTED]

Subject: [REDACTED] 4250 phrases

Importance: High

[REDACTED]

I have downloaded ALL 38 of the [REDACTED] Phrase requests. Unfortunately these programs cannot be accepted. Each of the programs are for products, not telecommunication services and exceed \$25.00. As formally articulated CBT will not bill for telecommunications-related services for amounts exceeding \$25.00.

I assume the phrases TAX and S&H are irrelevant if the other phrases can not be accepted.

Sorry

[REDACTED]

Exhibit 5-2

[REDACTED]  
From: Elizabeth Ridgeway  
Sent: Wednesday, March 25, 1998 3:59 PM  
To: [REDACTED]  
Cc: Carrie Ritchey, Tom Hordick, Karl Hordick  
Subject: FW: [REDACTED] 4250 phrases

[REDACTED]  
Below is the response to our request for the billing of telephones and related products in the Cincinnati Bell area for our Client [REDACTED]. Cincinnati Bell has a "cap" of \$25.00 per 4250 record and states below that it will not bill "products." (This is from my contact [REDACTED] 513-297- [REDACTED])

I called the "Store at Cincinnati Bell" (513-979-5200) that sells telephones and related products for that LEC. They states that they had a phone for \$89.95 that included caller ID and other options. I asked the Salesman, [REDACTED] how I would be billed for this phone. The options were by credit card, cash, check and a ONE-TIME charge on my phone bill if I "qualified" which simply meant that my account was in good standing. (There were other products for sell but I just asked about a phone with Caller ID.)

1. This charge, (if I included the option of Voice Messaging), would be \$95.90 plus tax! Wouldn't this exceed their usual \$25.00 cap??
2. [REDACTED] states that they could not bill products on their phone bill. Isn't this considered a product?

[REDACTED] asked me to contact you and to have you give [REDACTED] a call to debate this issue. Could you please contact me regarding this?

Thanks,

[REDACTED]  
extension 6432

## 6. ANTI-COMPETITIVE LEC ACTION—SBC

### Denial of Competitive Products

On November 20, 1998, SBC established a moratorium on any new billing programs and any new competitive providers.<sup>12</sup> Competitive service providers were not allowed even to submit new advertising or promotions during the moratorium. At the same time, SBC and its subsidiaries launched four new product promotions on telephone equipment.<sup>13 14</sup> SBC applied its moratorium only to its competitors.

SBC also initiated adjustment thresholds that have little, if any, impact on cramming. SBC advised FTT that the only way FTT may meet SBC's threshold limits is for FTT to increase the amount of long distance FTT bills with SBC.<sup>15</sup> SBC is proposing, in effect, that FTT balance out its chargeback ratio by increasing sales of long distance service, which traditionally is the subject of fewer chargebacks than enhanced, ancillary services. Suggesting that FTT choose to expand the base of companies for which it provides billing services would not reduce any underlying cramming. It would only mask such problems. Even worse, under SBC's theory, a business that billed a huge amount of long distance service could even increase the number of consumers it crammed and still remain below SBC's threshold. While the SBC moratorium on enhanced, ancillary products and services stays in effect, should FTT not be able to meet adjustment thresholds, FTT clients may simply move their enhanced product and service business to AT&T or MCI, and because of the volume of long distance traffic billed by such giants, the enhanced, ancillary chargeback adjustments will be minuscule. Neither the quantity nor the quality of cramming complaints would be reduced—just the ratio in comparison to long distance traffic.

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<sup>12</sup> Letter dated November 16, 1998 from SBC to FTT (Exhibit 6-1)

<sup>13</sup> SBC Website, <http://www.swbell.com/Area/dfw/Promos/special.html> (Exhibit 6-2)

<sup>14</sup> SBC advertisements for CST2100 Screenphone (Exhibit 6-3)

<sup>15</sup> Letter dated January 15, 1999, from SBC to FTT (Exhibit 6-4)

Exhibit 6-1

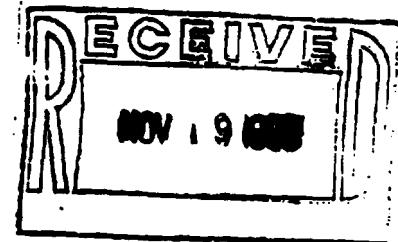
(1 of 2)

[REDACTED]

SBC Telecommunications, Inc.  
DISTRIBUTED  
Phone 214-208-0718



November 16, 1998



[REDACTED]  
Federal Transtel  
2868 Acton Rd, Ste 100  
Birmingham, AL 35243

Dear Billing and Collections Customer,

This correspondence is to advise you of significant changes in procedures regarding billing of miscellaneous charges, as well as performance thresholds which must be met if Southwestern Bell Telephone, Pacific Bell and Nevada Bell (SWBT, PB and NB) are to continue billing for Federal Transtel.

Effective November 20, 1998, a moratorium is established for any new billing programs (42 records) and any new providers (sub-CICs) which submit 42 records for billing. The moratorium will remain in effect a minimum of 90 days, at which time decisions regarding lifting the moratorium will be made on an individual company basis. However, sub-CICs will continue to be approved for billing of toll charges and certain 42 records associated with toll billing, but only with approval by SWBT, PB and NB.

The following performance levels must be achieved by February 28, 1999 in order for SWBT, PB and NB to continue billing for Federal Transtel. Additional threshold detail is attached.

SWBT		PacBell/Nevada Bell	
Percent end-user adjustment	15%	Percent end-user adjustment	15%
Business Office Complaints	0.5% or 400 (whichever is less)	Informal Appeals	1/30,000 bills rendered

If by February 28, 1999, the above threshold levels have not been achieved, termination as provided in the billing contracts will commence.

**Exhibit 6-1**

(2 of 2)

The moratorium for new billing is established pursuant to Section I, Clause F, Paragraph 3, of your Agreement which provides that PB and SWBT will only bill non-MTS and non-pay-per-call services with the specific written approval of PB and SWBT. In addition to the aforementioned thresholds, all terms and conditions of the contracts remain in effect.

Information regarding individual company performance will be provided monthly. Any questions regarding this letter should be directed to your Billing Sales Manager.

~~XXXXXXXXXXXXXXXXXXXX~~  
~~XXXXXXXXXXXXXXXXXXXX~~  
~~XXXXXXXXXXXXXXXXXXXX~~

Attachment

## Exhibit 6-2



### Home

[Additional Line](#)

[Caller ID](#)

[CallNotes®](#)

[Anonymous Call Rejection](#)

[Call Waiting ID and Call Waiting ID Options](#)

[The WORKS®](#)

[CST 2100 Corded Screenphone](#)

Through Feb. 28, 1999, receive a \$25 rebate on this multi-function screenphone!

[Call Waiting ID Options unit - Model DM80](#)

Through Jan. 31, 1999, receive a \$20 rebate on the purchase of a DM80 Caller ID unit.

[GE 900 Cordless Phone](#)

Through Jan. 31, 1999, receive a \$25 rebate on this loaded GE cordless phone!

[EasyOptions Phone](#)

This EasyOptions phone makes call management a breeze.

For more information or to order these high-quality, reliable phone products, click on the product names above or call 1-888-829-4915.

[Caller ID Value Package Plus](#)

### Business

[Call Waiting ID](#)

[MaxiMizer 800](#)

[Three-Way Calling](#)

Exhibit 6-3

# Ring in the New Year\*

**Order our most advanced Caller ID phone today and get a \$25 check!\***

**Get FREE Call Waiting ID Options and/or CallNotes\* for one month and FREE Installation!**

It's a great enhancement to your favorite services:

- Records the last 50 names and numbers that called and the last seven numbers you dialed
- Personal directory stores up to 100 phone numbers

Six easy payments of only \$44.15 a month, (includes shipping & handling) or pay \$249.95, plus \$14.95 shipping & handling.

**To order call 1-800-464-7928**

 Southwestern Bell

## **Order a CST2100 Screenphone! Get a FREE month of Call Waiting ID Options and/or CallNotes\*.**

- One-touch access to Call Waiting ID Options, Caller ID, CallNotes\*, Three-Way Calling and Call Forwarding
- Caller ID lets you know who's calling
- CallNotes Voice Mail light indicator alerts you to a message

**Call 1-800-464-7928**

 Southwestern Bell

Caller ID phone is designed and manufactured by Cisco Inc. Provisioning of Caller ID and Call Waiting ID Options with SBCS Products subject to SBCS. Please note: A minimum time for delivery is required for Caller ID service. Not available for Caller ID, Call Waiting ID or other services. Caller ID, Call Waiting ID and CallNotes service are purchased separately. Caller ID does not work on all calls, some calls may be blocked. Call Waiting ID Options available in most areas. CallNotes is a registered trademark of Southwestern Bell Telephony Services, Inc.

Exhibit 6-4

(1 of 2)

[REDACTED]  
[REDACTED]  
[REDACTED]

SBC Telecommunications, Inc.  
Four Bell Plaza, Room 2052  
Dallas, Texas 75202  
Phone 914 858-0700



January 15, 1999

[REDACTED]

FTT  
5555 Glenridge Connector  
Suite 200  
Atlanta, GA 30342

[REDACTED]

This responds to your letter of December 22, 1998 and your subsequent e-mail of January 7, 1999 regarding SWBT/Pac Bell billing for FTT.

We appreciate your efforts in informing your clients that their programs must fall within SWBT/PacBell's thresholds. We further appreciate FTT's requirement that all 900 sub-CIC clients state under oath that they will comply with all contractual restrictions. If these providers eliminate the objectionable billing prohibited by our Billing and Collections (B&C) agreements, your adjustment levels should be reduced significantly. After all, four of the five highest adjusted 900 programs contained objectionable content that independent of the numeric thresholds would constitute a basis for terminating our billing services with you.

As you state in your letter, SWBT/PacBell will exclude adjustments for sub-CICs that FTT has notified as of 1/7/99 that it will no longer serve through SWBT billing services. However, SWBT/PacBell will not exclude from its complaint analysis any other FTT sub-CICs and is not requesting or recommending that FTT sever relationships with any clients. SWBT/PacBell has only informed FTT of the acceptable thresholds required for FTT to continue billing through SWBT/PacBell. FTT remains free to serve any and all sub-CICs it desires to serve and could arrange billing and collection through some entity other than SWBT/PacBell for any sub-CICs that may jeopardize FTT's ability to meet SWBT/PacBell's numeric thresholds.

We have revisited the moratorium on adding 4250 programs as you requested. Unfortunately, we have determined that we will not allow any new 4250 programs during the moratorium period. The rules can not be changed for one company without changing them for all companies, and a change of this magnitude would undermine the intent of the moratorium. However, we will continue to accept new billing for toll services.



**Exhibit 6-4**

(2 of 2)

SBWT/PacBell disagrees with your assertion that billing is an essential service. Numerous billing alternatives exist for FTT and other providers. In fact, the FCC de-tariffed billing and collections in 1986 determining that there were competitive alternatives for billing available in the marketplace. Many companies provide billing services for themselves or utilize credit card companies like Master Card and Visa. Moreover, SWBT/PacBell provides the bill name and address (BNA) information to facilitate billing by you or another billing firm. In any event, we do not believe that our thresholds are discriminatory in design or effect as they are applied equally to all billing and collection customers.

██████████ I hope this answers your questions regarding our thresholds, as well as underscores the seriousness in meeting those thresholds. FTT must meet the established thresholds and comply with the terms of its billing agreements or otherwise risk termination of those agreements. Next week we will be sending you 25 randomly selected examples of complaints received by SWBT's business office.

If you have any further questions, please do not hesitate to contact ██████████  
██████████ 858-8736 or me.

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██████████  
██████████  
██████████  
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██████████

## 7. ANTI-COMPETITIVE LEC ACTION—US WEST

US WEST recently announced plans to separate billing for its own services and billing for competitive services. US WEST services will be presented in the traditional US WEST envelope while competitive services will be moved to a secondary envelope. US WEST's ancillary services, such as voice mail, caller ID, etc., will receive a significant competitive advantage from appearing on the US WEST local telephone bill.

Competitive services, on the other hand, will be seriously disadvantaged by the fact that consumers will not recognize the secondary bill and are likely to be confused by it. Against this backdrop, US WEST made a narrow exception to its policy where it is willing to allow one billing clearinghouse to bill for a product on the US WEST bill because that product, while manufactured and billed by a competitor, is a US WEST product. US WEST explained, "I know you have been in negotiations with [REDACTED] who are the vendor for a US WEST provided service referred to as [REDACTED]. I have received confirmation from our Director of Information and Billing Services that US WEST will continue to bill these messages in the shared bill on behalf of FTT. This decision has been made because the product being billed is a US WEST product. This is the only service US WEST will make an exception ..." <sup>16</sup>

Clearly, US WEST recognizes the significant advantage flowing from use of the LEC bill and wants to reserve this advantage for itself.

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<sup>16</sup> Letter dated November 24, 1998, from US WEST to FTT (Exhibit 7-1)

Exhibit 7-1

1801 California Street  
Room 2130  
Denver, CO 80202  
November 24, 1998



~~Mr. Keith H. [redacted]~~  
Federal TransTel  
2868 Acton Road  
Suite 100  
Birmingham, AL 35243

Dear ~~Keith~~:

Please accept my apologies for my extreme tardiness in sending this confirmation letter to you. I value the business you bring to U S WEST, although have not shown it though this request.

As we discussed during our meeting at CompTel last month, U S WEST is moving forward with its business decision to move 900 and SS&P billing from the "shared" LEC bill to a stand-alone bill. Our target to make this happen is May 1999, when U S WEST *Your Bill* is implemented.

I know you have been in negotiations with ~~Lucent (Gatel)~~ who are the vendor for a U S WEST provided service referred to as ~~[redacted]~~. I have received confirmation from our ~~[redacted]~~ that U S WEST will continue to bill these messages (if approved through the existing SS&P processes) in the shared bill on behalf of FTT. This decision has been made because the product being billed is a U S WEST product.

This is the only service U S WEST will make exception for with FTT and I suspect we will develop an Addendum to your contract stipulating terms to the exception. We have not identified the terms as yet; our present focus has been on developing language for U S WEST *Your Bill*, which we hope to deliver to you late in December.

~~[redacted]~~ and I look forward to continuing our business relationship through U S WEST *Your Bill*. As a reminder, it is a national billing opportunity, not subject to traditional LEC boundaries. I know you will find it to be a solution to the Return Code 50 issues with which all clearing houses are presently faced.

Thank you, again, for your patience. I apologize for any inconvenience my delays may have caused.

Sincerely,

~~[redacted signature]~~

~~Don Jenkins~~  
Account Manager

**DISTRIBUTED**  
**12-3-98**

## **8. USTA WEB SITE EXCERPTS**

The United States Telephone Association (USTA) is the association of Local Exchange Carriers. USTA, as well as several LECs, have cramming "advisories" on their websites. These "advisories" purportedly help consumers identify cramming and inform consumers of their options if they are crammed. However, these so-called "advisories" erroneously and subliminally promote the argument that only third party companies are involved in cramming.

In a release dated July 22, 1998, USTA announced that "cramming occurs when unauthorized, misleading or deceptive charges are placed on an end-user customer's telephone bill -- not by local exchange carriers, but by some third-party companies." <sup>17</sup>

BellSouth stresses the same point, "...cramming"—which occurs when customers are charged for services from communications companies other than BellSouth which the customer didn't order." <sup>18</sup>

A second release from USTA states "local phone companies across the country have been trying to crack down on (cramming), but with increased competition coming to the telecommunications marketplace, the number of cramming complaints continues to grow." <sup>19</sup>

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<sup>17</sup> USTA Press Release dated July 22, 1998 (Exhibit 8-1)

<sup>18</sup> BellSouth Press Release dated May 19, 1998 (Exhibit 8-2)

<sup>19</sup> Website, <http://www.telecompolicy.net/slam/protect.html> (Exhibit 8-3)

## Exhibit 8-1

### FOR IMMEDIATE RELEASE

July 22, 1998

**CONTACT:** Michelle Tober

(202) 326-7370

### USTA Announces Telecommunications Industry Policy to Combat Cramming

WASHINGTON, D.C. -- Today, the United States Telephone Association (USTA) announced the local exchange carrier industry's strong commitment to seeking ways to eliminate cramming and prevent the substantial harm that cramming is causing to consumers. Cramming occurs when unauthorized, misleading or deceptive charges are placed on an end-user customer's telephone bill -- *not* by local exchange carriers, but by some third-party companies.

"Cramming is one of the most significant consumer fraud problems that we in the local exchange carrier industry face today," said Roy Neel, president and CEO of USTA. "Local phone companies are working overtime to protect network consumers and eradicate fraudulent, deceptive or otherwise bad actors. Even a very small percentage of cramming complaints is too many.

"This industry has a powerful commitment to correcting the problem of cramming, and our self-policing effort -- as seen in the best practices -- is a critical step toward purging telephone bills of this scourge," said Neel.

In April 1998, the FCC invited the local exchange carrier industry to come together to discuss the problem of cramming and develop voluntary guidelines.

As a convenience to customers, local phone companies provide billing services for a variety of telecommunications services, including long distance, voice mail, personal 800 numbers, security monitoring, etc. Some clever entrepreneurs see this as an opportunity to exploit customers. Often, they use devious ways to get customers to sign up for new services through innocent activities such as contests or sweepstakes entry forms. This may result in unclear or invalid charges appearing on phone bills. In some instances, consumers may not even realize that they have been "crammed," because many of these unethical companies are using deceptive names or covers which may not stand out on a phone bill.

"Trust is a crucial aspect of the customer-service provider relationship in the telecommunications industry, and crammers are taking that away from us," Neel said. "I am confident that these voluntary guidelines will give us the tools to curb this abuse."

The guidelines include a consumer bill of rights, which guarantee:

- A clear, concise description of services being billed;
- Full disclosure of all terms and conditions;
- Billing for authorized services only; and
- Prompt and courteous treatment of all disputed charges.

For more than 100 years, USTA has been representing the interests of the small, mid-size and large companies of the nation's local exchange carrier industry. The association represents more than 1,200 companies worldwide.

###

**Exhibit 8-2**

(1 of 2)

**BellSouth Outlines Policy To Protect Customers From Cramming**

For Immediate Release:

May 19, 1998

**ATLANTA** -- BellSouth today outlined an aggressive policy to protect its customers from "cramming" -- which occurs when customers are charged for services from communications companies other than BellSouth which the customer didn't order, or ordered because they were scammed.

As part of this initiative, BellSouth announced a three-month moratorium on the acceptance of billing for any new services. BellSouth pledged to keep the moratorium in place until progress is made in establishing industry standards to block this activity.

"BellSouth will not tolerate cramming and scamming of our customers. We promise our customers convenience, that's why we're taking steps to stay one step ahead of the scam artists to avoid 'cramming' before it happens. We don't want our customers to face the inconvenience of having to get an adjustment on their phone bill," said Odie Donald, BellSouth group president - customer operations.

As a convenience to its customers, BellSouth bills its customers for telecommunications services offered by other companies, such as long distance providers and firms offering personal 800 numbers.

"Our policy does not permit billing for services not related to telecommunications," Donald said.

BellSouth's announcement comes in advance of a meeting in Washington Wednesday where telephone company executives will share "best practices" for dealing with this annoying consumer rip-off. The meeting is being convened by Federal Communications Commission Chairman William Kennard.

"Chairman Kennard is to be commended for calling this meeting. Setting industry best practices should be much faster than a complex FCC rulemaking proceeding. This is a problem that needs to be nipped in the bud," Donald said. Donald will be representing BellSouth at the sessions.

At those meetings, BellSouth will urge agreement on reasonable standards of marketing and billing validation to supplement current best efforts by the commission, telephone companies like BellSouth and responsible billing services.

"We are also committed to increase consumer awareness of cramming and want to educate our customers on how to avoid cramming by unscrupulous or careless service providers. We want to highlight the actions BellSouth is taking on behalf of customers to protect them from this activity," Donald explained.

"We also work with service providers to help them devise consumer-friendly service billing to our mutual customers," he added.

## Exhibit 8-2

(2 of 2)

BellSouth's consumer protection activities include:

- Reviewing all marketing programs proposed by service providers. We reject up to 25% of those programs either because they fail to meet our standards or we anticipate they may not be easily understood by customers.
- A halt to billing for marketing programs that use contests, sweepstakes, or other 'check box' methods to sign up customers.
- An end to billing for Optional pay-per-call 900 service plans. (These are services for which customers are billed fixed monthly fees for access to programs that provide various per-use services, such as psychic lines or dating service hotlines.
- Initiation of much stronger billing quality provisions. BellSouth will take action to deter service providers who are involved with unapproved or unauthorized billing.
- Re-evaluation of contracts with service providers who provide poor quality or problematic billing.
- Continuous review of billing adjustment levels. We will work with service providers billing on the BellSouth bill to avoid unacceptably high levels of corrections and adjustments.
- Providing better service descriptions on the bill pages that better describe the services for which the customers in being billed by other companies. "BellSouth will continue to strive to ensure that we enact the best possible controls over this third-party billing, while at the same time bringing our customers the convenience of a single, consolidated telecommunications bill," Donald said.

In a letter to FCC Chairman Kennard committing BellSouth to the commission's search for "best practices," BellSouth Chairman and CEO Duane Ackerman noted the company's liberal adjustment policy to remove from billing any charge for which the end user claims a lack of authorization.

Ackerman stressed "the seriousness of BellSouth's commitment to eliminate 'cramming' abuses through all means available."

BellSouth is a \$21 billion communications services company. It provides telecommunications, wireless communications, directory advertising and publishing, video, Internet and information services to nearly 30 million customers in 20 countries worldwide.

###

## Exhibit 8-3

### Cramming: Tips to Protect Yourself

Complaints about cramming the illegal practice of billing customers for unauthorized services are on the rise. America's local phone companies take their responsibility to customers very seriously, and we are taking steps to prevent this insidious type of fraud. Increasing your awareness of cramming is one way to avoid being victimized.

The Federal Communications Commission and local phone companies across the country have been trying to crack down on this practice, but with increased competition coming to the telecommunications marketplace, the number of cramming complaints continues to grow.

Local phone companies provide billing for other providers so that customers can receive all their telecommunications charges on one bill. This may include long distance, voice mail, security monitoring, and personal 800 numbers, among others.

However, some crafty entrepreneurs are taking advantage of this service and are ripping the consumer off. Often, they use devious ways to get customers to unknowingly sign up for new services the unethical and illegal practice known as cramming. These entrepreneurs are frequently successful in obtaining a signature on a document that has nothing to do with telephone service, such as a sweepstakes entry form. In many cases, there is language hidden in the fine print that authorizes a company to bill you for a new service.

#### **Don't Be A Cramming Victim:**

- Always review your phone bill carefully. If charges appear for services you did not order, you may be a victim of cramming.
- Avoid contests and sweepstakes entries that require your signature that could be all a company needs to sign you up for new services without your knowledge. Always read the fine print on promotional materials before signing anything.
- Be aware of services you have ordered. Keep a record of all the telecom services you order, including the date you ordered each service and how much you agreed to pay for them.
- If you receive a letter or postcard \*verifying\* that you have ordered new services but know that you did not, notify the sending company that you did not authorize the change, then call your local telephone company to obtain a list of all services for which you are being billed.
- If you have been crammed, contact your local phone company immediately and explain that you did not authorize any new services. Request that the charges be removed from your bill. Call the company that crammed you and let them know you will not pay for the charges incurred. In the event that you cannot resolve the problem with the phone company that crammed you, file a complaint with the FCC.



## **9. CERB GUIDELINES**

The Coalition to Enforce Responsible Billing, or CERB, was formed by Billing Clearinghouses to take affirmative action to eliminate cramming. These guidelines were voluntarily accepted by clearinghouses as mandatory guidelines to do third party billing with LECs. They are having an effect. One LEC, SBC, has even adopted these guidelines as part of its third party billing application. These guidelines have been effective without crippling competition.

**Exhibit 9-1**

(1 of 4)

**Anti-Cramming Consumer  
Protection Standards of Practice  
of the  
Coalition to Ensure Responsible Billing (CERB)**

**Cramming is the addition of charges to a telephone bill for programs,  
products, or services the consumer did not knowingly authorize.**

In order to protect consumers from unauthorized, deceptive, or ambiguous charges on their telephone bills, signatories hereto adopt and agree to be bound by the following Anti-Cramming Consumer Protection Standards of Practice.

**PRE-SCREENING OF PROVIDERS AND SERVICES**

Signatories commit to pre-screening all prospective service providers and the programs, products, and services they offer.

**Screening of Providers**

Signatories will require as a precondition for any business relationships the following information

- Service provider company name and address
- Names of officers and principals of the company
- Proof of corporate or partnership status
- Copies of certifications as required
- Foreign corporation filings as required
- Any information regarding whether the company, its affiliates, and/or its officers or principals have been subject to prior conviction for fraud or have had billing services terminated
- That any tariffs be made available on request
- The names of any telemarketing companies to be used by the service provider
- The names of any third party verification companies to be used by the service provider

**Screening of Programs, Products, and Services**

Signatories will require the following information

- Marketing materials
- Advertisements (print or other media)
- Applicable fulfillment package (which must include cancellation information if not included elsewhere and a toll free customer service telephone number)
- Scripts for both sales and validation
- Honest, clear, and understandable text phrase for telephone bill

**Exhibit 9-1**  
(2 of 4)

**Anti-Cramming Consumer Protection Standards of Practice  
of the Coalition to Ensure Responsible Billing (CERB)**

**page 2**

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Signatories will not knowingly provide billing for services employing the following practices:

- Box, sweepstakes, or contest-type entry forms
- Negative option sale offers
- 800 pay per call
- Collect callback
- Phantom billing (charging for calls never made or services never provided)
- Such other programs, products, or services Signatories determine to be deceptive or anti-consumer

Each Signatory will maintain an internal standards committee to review the information collected for both providers and programs. Members of these committees will have no vested sales interest in the acceptance of a service, product, or program.

**COMPLIANCE MONITORING**

In order to better police the business practices of its service providers and to assure the efficiency of its screening procedures, Signatories commit to engage in active monitoring of providers and programs. Signatories will:

- Monitor consumer inquiries
- Monitor consumer complaints to government agencies
- Monitor escalated complaints to the local exchange carrier
- Maintain up-to-date records regarding complaints and inquiries
- Adopt action plans to respond to complaints and inquiries
- Notify service providers of complaints or inquiries
- Coordinate investigations with service providers
- Each Signatory shall take such disciplinary action as each determines is appropriate under the circumstances

**MANDATORY AUTHORIZATION**

It is critical that consumers can depend upon their authorization for the service, product, or program for which they will be billed. Signatories will require service providers to employ one of the following forms of authorization:

- Independent Third Party Verification, or
- Written Letter of Authorization or Sales Order, or
- Voice recording of telephone sales authorization.

**Exhibit 9-1**  
(3 of 4)

**Anti-Cramming Consumer Protection Standards of Practice  
of the Coalition to Ensure Responsible Billing (CERB)**

**page 3**

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A valid authorization must include:

- The date
- The name, address, and telephone number of the consumer
- Assurance that the consumer is qualified to authorize billing
- A description of the product or service
- A description of the applicable charges
- An explicit consumer acknowledgement that the charges for the product or service will appear on the telephone bill
- The acceptance by the consumer of the offer

**CONSUMER-FRIENDLY BILLING PRACTICES**

Central to a consumer's right to ensure that they have not been crammed is the ability to understand and read the telephone bill. Signatories agree that informed consumers can better protect themselves from unauthorized products or services. Signatories will support providing consumers a bill that can be easily understood.

Consumer bills should include:

- A clear identification of the billing entity
- A clear identification of the service provider
- A clear description of products or services
- A clear identification of the charges
- The toll free telephone number that subscribers may call to make inquiries concerning the billing

**CONSUMER SATISFACTION**

Consumers must be able to easily and quickly discuss problems. Signatories are committed to monitoring consumer satisfaction, particularly with regard to any disputes or inquiries that may arise. Signatories will provide quick and thorough responses. Signatories shall provide on request:

- The name, address, phone number, and fax number of the service provider
- The nature of any charge
- The method of authorization
- Information as to how a consumer may cancel a service or product

In addition, in order to facilitate resolution of disputes, Signatories will:

- Provide a toll free customer service number
- Provide a dedicated staff to respond to consumer inquiries
- Provide a full and timely investigation of any dispute

**Exhibit 9-1**

(4 of 4)

**Anti-Cramming Consumer Protection Standards of Practice  
of the Coalition to Ensure Responsible Billing (CERB)**

page 4

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- Initiate a credit or respond to the consumer within 30 days of the consumer's dispute
- Not rebill on a local exchange carrier telephone bill charges previously credited

**DISCLOSURE**

Signatories will share with each other and, upon request, with federal and state enforcement agencies:

- Identifying information with respect to terminated service providers and programs
- A description of specific practices relating to cramming that the Signatories have encountered, and the steps being taken by the Signatories to correct them
- Aggregate date with regard to complaints filed with federal and state government authorities received by Signatories

On October, 1, 1998, a copy of these Standards of Practice and a list of all Signatories was sent to the Federal Communications Commission, the Federal Trade Commission, and all state Public Utility and Service Commissions and each state Attorney General.

Signatories:

Federal TransTel	OAN Services	Billing Concepts
HBS Billing Services	ILD Teleservices	Integretel
National Billing Exchange	Olympic Telecommunications	USP&C

*The Coalition to Ensure Responsible Billing was formed by the United States' leading billing clearinghouses in an effort to combat consumer fraud on the local telephone bill.*

**10. FCC 1997 CRAMMING SCORECARD**

**THE FCC  
TELEPHONE  
CONSUMER COMPLAINT  
SCORECARD**

FEDERAL COMMUNICATIONS COMMISSION  
COMMON CARRIER BUREAU

**APPENDIX A**

**Companies Served More Than 50 Complaints in 1997**

<b>Local Telephone Companies Ranked by Complaint Index</b>	<b>Complaints Served</b>	<b>Revenue (Millions)</b>	<b>Complaint Index</b>
Bell Atlantic	7,588	24,936	0.30
U S WEST	2,504	10,022	0.25
SBC	4,590	18,756	0.24
Ameritech	2,645	11,775	0.22
GTE <sup>2</sup>	2,952	13,537	0.22
BellSouth	3,090	14,666	0.21
SNET <sup>2</sup>	282	1,480	0.19
Citizens Utilities Company <sup>2</sup>	136	860	0.16
Frontier Communications <sup>2</sup>	64	667	0.10
ALLTEL <sup>2</sup>	112	1,269	0.09
Cincinnati Bell <sup>2</sup>	55	670	0.08
Sprint Corporation (United) <sup>2</sup>	424	5,290	0.08

**Billing Agents  
Ranked by Complaints**

Billing Concepts Corp.	6,059	2,011	3.0
OAN Services, Inc.	3,477	827	4.2
Integretel	1,522	390	3.9
International Telemedia Associates	953	124	7.7
HOLD Billing Services	553	127	4.4
Telephone Billing Service	338		
Long Distance Billing Company, Inc.	237		
Crown Communications	121		
American Telnet, Inc.	112		
Federal TransTel, Inc. <sup>3</sup>	75		

**Note 2:** Excludes long distance revenues.

**Note 3:** Federal TransTel is also a long distance telephone company, and did not file its USF form by May 11, 1998.

**11. FCC 1998 CRAMMING SCORECARD**

**THE FCC  
TELEPHONE  
CONSUMER COMPLAINT  
SCORECARD**

FEDERAL COMMUNICATIONS COMMISSION  
COMMON CARRIER BUREAU



## Anti-Competitive LEC Actions

**Local Telephone Co. Served With More Than 20 Complaints**  
**January 1, 1998 - June 30, 1998** **TOTAL**

Company	Complaints
Bell Atlantic	564
GTE Service Corporation	385
SBC	380
Ameritech	219
BellSouth Corporation	157
US West Communication	157
Sprint/United	30

**Billing Agents Served With More Than 20 Complaints**  
**January 1, 1998 - June 30, 1998** **TOTAL**

Company	Complaints
USP&C	523
Integretel, Inc.	450
Hold Billing Service	404
International Telemedia	374
Billing Concepts	276
OAN Services, Inc.	50